

THE *Dan Smoot Report*



DAN SMOOT

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"THE CRUELEST BURDEN OF ALL"

One phenomenon in the year of our Lord 1966 was the ladycotts — groups of women throughout the United States picketing and boycotting grocery stores because of high food prices.

The ladycotts began in late summer. Most of them occurred in the weeks just prior to the elections. It is impossible to determine whether they had much effect on the outcome of the elections, but they certainly got enough publicity to affect campaign speeches.

The country was treated to the spectacle of asinine politicians compounding political asininity until the "credibility gap" — the distance between what politicians say and what people believe — became a yawning chasm.

In Iowa, for example, John Hansen, a liberal Democrat running for reelection to the House of Representatives, campaigned on his record of having supported more than 230 million dollars of federal spending in his district in two years.⁽¹⁾ At the same time, he condemned high prices and promised government action to hold the line against rising living costs.

Mr. Hansen was defeated. That was a credit to the voters of his district and a blessing to the country at large; and it may have indicated that the people perceived the truth about high prices.

In August, 1966, Orville Freeman, Secretary of Agriculture, announced that he would ask the Federal Trade Commission to investigate rising food prices⁽²⁾ — just as if he did not already know why they were rising. The FTC dutifully reported that producers and handlers of foodstuffs were making bigger profits than before.⁽³⁾ That seemed to put the blame squarely on private profiteers, and leave politicians, with reputations unsullied, free to condemn the profiteers. But a little investigation puts the whole matter in different perspective.

Food prices were high all right, and rising rapidly toward the disaster point. It was obvious, however, that farmers were not getting rich by overcharging on the foodstuffs they produced. In fact, farmers (who, for 30 years, have been "helped" and regulated more by the federal gov-

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ernment than any other Americans, except Indians) have been leaving farms at the rate of 800,000 a year for 5 years — taking jobs in cities, where the living is easier.⁽⁴⁾

Foodstuffs must be hauled around a great deal from the time they leave the farm until they reach the grocers' shelves; but it was not the transportation people who had pushed food prices to their great height. For every dollar spent on groceries in 1966, about 10 cents went to pay all transportation costs; but that percentage has been rather constant for 20 years or more.⁽⁵⁾ The processors, packagers, and distributors of foods were not making abnormally large profits;⁽⁶⁾ and neither was the hapless grocer who was being ladcotted.

Grocers operate on a very low percentage of net profit (something less than 2%). Statisticians for chain grocers released figures showing that if grocers passed on *all* of their net profit to housewives, leaving no returns for capital investors, the reduction in grocery prices would be so small that individual housewives would hardly notice it.⁽⁷⁾

Who, then, was responsible for rising food costs in the United States? Look at some of the policies of government, and you get a clue.

On February 10, 1966, President Johnson asked Congress to authorize a plan for American taxpayers to feed the world.

The President looked back upon the previous 10 years when the U.S. had given away millions of tons of "surplus" food worth some \$25 billions to help feed undernourished people abroad — and acknowledged that "the problem of world hunger is more serious today than ever before."⁽⁸⁾

Apparently, the more we feed the people abroad, the faster they multiply and the less they produce for themselves. But the President figured that Americans can produce and give away faster than the rest of the world can breed. He asked Congress to provide incentives (that is, tax money) for greater agricultural production, saying that we must move beyond the concept of

merely giving foreigners our "surplus" production.⁽⁸⁾

Thus, while the ladies were picketing in protest against high food prices, government was picking their husbands' pockets, the grocers' pockets, and all other pockets, to give our food to foreigners, or sell it to them at below cost.

On July 1, 1966, the Department of Agriculture officially estimated that American wheat stocks were about 536 million bushels. That was 64 million bushels below what is considered a safe minimum stock. It was 282 million bushels less than we had stockpiled a year before. On July 1, 1966, combined U.S. holdings of corn, oats, grain sorghums, and barley were 8% smaller than a year before and 24% below average. At the same time, we were feeding 64 million people daily, in 52 foreign countries, with our grains.⁽⁹⁾

On July 4, 1966, *U.S. News & World Report* said:

"A flood of wheat has been pouring from U.S. bins to ease hunger abroad U.S. wheat reserves have dropped below the amount held necessary to meet emergencies

"While others [Australia and Canada] are selling their wheat for hard cash, the United States, badly in need of foreign earnings, is giving away or selling for soft currency much of its wheat. India alone is getting almost as much U.S. wheat this year as Americans themselves will consume."

About two-thirds of American wheat goes abroad; more than one-half of our rice; nearly one-half of grain sorghums; two-fifths of soybeans; nearly one-third of corn; approximately one-fourth of tobacco and barley; and one-fifth of cotton.⁽¹⁰⁾

Taxpayers underwrite these exports. Some go as outright gifts to foreign nations; some are sold for the recipient nation's "soft currency," which is virtually useless to us; some are sold to foreigners at below cost — that is, American taxpayers are bled to pay export subsidies which make it possible for foreigners to buy our food for less than we must pay for it.

Yet, on August 31, 1966, Johnson's Congress

extended the Food For Freedom program another two years — authorizing 5.066 billions of tax dollars for the program in 1967 and 1968.

Johnson's Congress also arranged for taxpayers to continue food giveaways at home, though what it did in this field seems trifling in comparison with its largesse to foreigners. In 1966, Congress extended for 4 more years the program of giving away milk in schools—authorizing 465 million tax dollars. It authorized \$157 millions to provide free lunches in schools. It appropriated more than \$100 millions for the Food Stamp program. In this program, certain people are given stamps for the purchase of foods; the federal government redeems the stamps with money. Johnson's Congress also started a new program in 1966 — the School Breakfast Program — with an initial authorization of \$17.5 millions.

All this giving away of our food does tend to push up prices for Americans who must buy their food: taxes to pay for the giveaways are included in the cost of the food they buy for themselves. Yet, all of it put together does not account for current high living costs.

To find the real reason, we must look at the over-all operations of government. Food prices have tripled in the past 30 years; but the cost of the federal government has increased more than 4000%; and the cost of government is included in everything you buy. Whether you put a nickel in a machine for a candy bar or spend 3 thousand dollars on a car, the cost of every item you buy is inflated by taxes hidden in the purchase price to help pay the cost of government.

When you buy a \$3000 car, you may think you are paying only \$210 in federal excise taxes; but, in addition to that amount, which you can see and complain about, a multitude of hidden taxes were paid on the car before it ever left the factory. Actually, about one-fourth of what you pay for the car goes for taxes. About half of the 24 cents you pay for a loaf of bread goes to pay approximately 150 taxes that are hidden in that loaf.

Congressman Durward G. Hall puts it this way:

"Hidden taxes which are collected in such a way that the public is hardly aware of them, cost many Americans more than the income tax

"The hidden tax is little more than a means by which big government can spend the people's money without them knowing about it."⁽⁶⁾

Government taxing and spending increase the cost of all goods and services. The deficit spending of government cheapens our money, and this amounts to a hidden tax on everything. Despite the crushing taxes we have paid, the federal government, in the past 30 years, has spent approximately 300 billion dollars more than it has taken in. Our present official national debt is \$327.933 billions — \$40 billions of which have accumulated since 1961. The result has been inflation — the same as if government had been counterfeiting money. In 30 years, government counterfeiting (that is, deficit financing) has depreciated the purchasing power of our dollar by about 60%. This means that \$1.00 today will buy approximately what 40 cents would buy in 1936.

Our President recognizes the evils of inflation. On November 29, 1966, he said:

"Inflation is the cruelest and most capricious burden of all. It strikes hardest at the poor, the old, and the middle-class families. It erodes the hard-earned savings of every citizen. It saps the strength of American industry and its competitiveness."⁽¹¹⁾

Just about everyone — with the possible exception of Johnson — knows that Johnson is a primary cause of this "cruelest burden" which he laments. Since he became President — that is, since November, 1963 — 25 basic food items have increased 16.3% in cost, largely because of the inflation created by government borrowing, taxing, and squandering.⁽¹²⁾

But as a pious fraud who weeps crocodile tears for the people, Johnson has no equal; and when he starts weeping, he starts blaming. On this occasion he blamed Congress — saying that Congress had not heeded his requests for economy. He was talking about the 89th Congress which,

just prior to the last election, he fondly called *my Congress*.

Johnson's 89th *was* the spendingest Congress in history. It appropriated 264 billions of our tax dollars (\$119 billions in 1965; \$144 billions in 1966). That is more than any other Congress in history ever confiscated from the people — including those Congresses which appropriated money to finance World War I and World War II — but it fell short of what Johnson wanted: \$2.4 billions less than Johnson demanded in 1965; \$883 millions less than he demanded in 1966.⁽¹³⁾

So, the President widened that "credibility gap" a bit when he accused Congress of feeding the fires of inflation by not heeding his requests for economy; but there was real significance in his remarks at Austin on November 29. Obliquely — perhaps inadvertently — he indicated for the first time that *government* has caused inflation.

There is the truth of the matter: government is responsible for the high and rising cost of living.

In late October, 1966, when ladycotting of grocery stores was at its height — and when, incidentally, there was evidence in some areas that communists were moving in to convert the women's price-protesting activities into peacenik operations⁽¹⁴⁾ — a group of women in the Dallas area got the whole problem in rather sharp focus.

The Dallas women organized a group which they called Women on the Warpath — not to picket and boycott, but to distribute information about the real cause of rising living costs. Mrs. Philip L. Collins, speaking for the group, said:

"The whole purpose of our effort is to put the blame for the high prices where we think it belongs — on wasteful government spending

"Grocers, merchants and farmers are caught in the same inflationary spiral as is the homemaker.

"We suggest that the only positive cure is for concerned homemakers to redirect their energies toward a good, thorough job of fall housecleaning by voting out expensive politicians and electing to office persons who will think before they vote

"When the government goes over its budget, the homemaker has difficulty in meeting hers."⁽¹⁵⁾

While some ladies were ladycotting, others, God bless them, went on the warpath and helped defeat some very expensive politicians in 1966. I hope they and all their kin will stay on the warpath for the next two years, because there is a big passel of big spenders still left in Washington — dreaming big dreams about how to spend our money.

FOOTNOTES

- (1) "How Federal Benefits Figure In The Election," *U.S. News & World Report*, October 31, 1966, p. 13
- (2) "Truth About Inflation," *America's Future*, August 19, 1966, pp. 1-2
- (3) "F.T.C. Lays Rise In Prices Of Food To The Retailers," by Robert Bedingfield, *The New York Times*, October 26, 1966, pp. 1, 33
- (4) "Fewer People Remaining On The Farm," speech by U.S. Rep. Jamie L. Whitten, (D., Miss.), *Congressional Record* (daily), August 8, 1966, pp. 17692-3
- (5) "Federal Fat," editorial, *The Dallas Morning News*, November 29, 1966, p. D2
- (6) "Taxes, Hidden Among People?," speech by U.S. Rep. Durward G. Hall (R., Mo.), *Congressional Record* (daily), August 11, 1966, pp. 18285-7
- (7) "Spokesman for Food Chains Blames Inflation as Culprit," by Karen Klinefelter, *The Dallas Morning News*, November 1, 1966, p. A5
- (8) "U.S. Farmer and a Hungry World," by Felix Belair, Jr., *The New York Times*, February 13, 1966, p. E3
- (9) "Food Is a Weapon," editorial, *The Dallas Morning News*, August 7, 1966, p. C2
- (10) "Congress Provides Tools For Increased Farm Exports," by C. Yates McDaniel, *The Dallas Morning News*, October 30, 1966, p. A8
- (11) "President Orders Cuts in Spending," by Richard M. Morehead, *The Dallas Morning News*, November 30, 1966, pp. 1, 6
- (12) "Sales Tax on Food," *Reports from Washington*, by U.S. Representative Richard L. Roudebush (R., Ind.), October 27, 1966, p. 1
- (13) "'89th' Runs a Costly Course," by William F. Arbogast, *The Dallas Morning News*, October 23, 1966, p. A22
- (14) "Takeover Studied In Food Boycott," *Tossin*, November 16, 1966, p. 2
- (15) "Government Cited For High Prices," *The Dallas Morning News*, October 29, 1966, p. A18

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